MEMORANDUM & PRESS RELEASE:
MALAYSIA'S STRATA HOUSING CRISIS

Issued by: Badan Bertindak Flat Kos Rendah Kuchai Entrepreneurs Park (KEP LCF)

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KENYATAAN MEDIA

KRISIS PERUMAHAN STRATA: BOM JANGKA MASA KIAN BERDETIK, RAKYAT TUNTUT REFORMASI SEGERA

KUALA LUMPUR, 2 OKTOBER 2025 – Malaysia sedang menghadapi krisis perumahan strata yang kritikal, di mana ratusan ribu penghuni B40 dan M40 terperangkap dalam bangunan usang dengan model kewangan yang gagal. Kegagalan pembangunan semula **1Razak Mansion** dan taktik paksaan yang dihadapi di **Flat Kos Rendah Kuchai Entrepreneurs Park (KEP LCF)** hanyalah simptom kepada masalah nasional yang lebih besar: bom jangka masa keselamatan awam dan kestabilan sosial.

Dengan lebih 30% skim kos rendah Malaysia kini melebihi 30 tahun, negara menghadapi risiko yang boleh dijangka bagi kegagalan struktur dan gangguan sosial yang meluas. Tunggakan yuran penyelenggaraan di seluruh negara, yang sering melebihi 40% dalam skim-skim ini, membuktikan model semasa tidak mampan.

Oleh itu, kami mengemukakan tuntutan mutlak berikut:

1. **Moratorium Serta Merta**: Hentikan semua proses perolehan paksa dan pembangunan semula yang melibatkan perumahan kos rendah sehingga rangka kerja perlindungan komprehensif digubal.
2. **Persetujuan 100% Pemilik:** Pinda Rang Undang-Undang Pembaharuan Bandar yang dicadangkan untuk mewajibkan persetujuan sebulat suara bagi sebarang pembangunan semula bekas skim perumahan awam dan kos rendah, bagi melindungi hak terhadap harta benda di bawah Perkara 13 Perlembagaan Persekutuan.

3. **Dana Penyelenggaraan Nasional:** Tubuhkan Tabung Penyelenggaraan Perumahan Negara, dimodalkan melalui levi ke atas pembangunan hartanah mewah, untuk mensubsidi pembaikan kritikal (bumbung, lif, sistem paip) sebanyak 50-90% untuk komuniti berpendapatan rendah.
4. **Tribunal Bebas & Berkuasa:** Wujudkan Tribunal Perumahan & Pembangunan Semula yang bebas dan mempunyai kuasa untuk menyiasat sebarang paksaan, membatalkan Mesyuarat Agung Luar Biasa (EGM) yang dimanipulasi, dan menyediakan saluran keadilan yang mampu milik dan mudah diakses.

Kerajaan tidak boleh lagi melepaskan tanggungjawab ke atas perumahan usang negara dengan membebankan rakyatnya yang paling terdedah. Kegagalan untuk bertindak bukan sahaja merupakan pencabulan hak asasi perumahan, malah merupakan jemputan kepada malapetaka. Sekiranya tuntutan ini diabaikan, kami akan menambah baik usaha dalam perkara ini melalui NGO & NGI serta tidak akan teragak-agak untuk melancarkan kempen bantahan seluruh negara.

PRESS STATEMENT

STRATA HOUSING CRISIS: A TICKING TIME BOMB AS CITIZENS DEMAND URGENT REFORM

KUALA LUMPUR, 2 OCTOBER 2025 – Malaysia is facing a critical strata housing crisis, with hundreds of thousands of B40 and M40 residents trapped in ageing buildings under a failed financial model. The documented failure of the **1Razak Mansion** redevelopment and the coercive tactics witnessed at the **Kuchai Entrepreneurs Park Low-Cost Flats (KEP LCF)** are merely symptoms of a looming national disaster: a public safety and social stability time bomb.

With over 30% of Malaysia's low-cost schemes now exceeding 30 years of age, the nation faces the foreseeable risk of structural failures and widespread social dislocation. Nationwide maintenance fee arrears, often surpassing 40% in these schemes, prove the current model is unsustainable.

Therefore, we issue the following non-negotiable demands:

1. **Immediate Moratorium:** Halt all forced acquisition and redevelopment processes concerning low-cost housing until a comprehensive protective framework is legislated.

2. **100% Owner Consent:** Amend the proposed Urban Renewal Bill to mandate unanimous consent for any redevelopment of former public and low-cost housing schemes, protecting the right to property under Article 13 of the Federal Constitution.
3. **National Maintenance Fund:** Establish a National Housing Maintenance Fund, capitalised by a levy on high-end property developments, to subsidise critical repairs (roofs, lifts, plumbing) by 50-90% for low-income communities.
4. **Independent & Empowered Tribunal:** Create an independent Housing & Redevelopment Tribunal with powers to investigate coercion, nullify manipulated Extraordinary General Meetings (EGMs), and provide an affordable and accessible avenue for justice.

The government can no longer abdicate its responsibility for the nation's ageing housing by placing the burden on its most vulnerable citizens. Failure to act is not only a violation of fundamental housing rights but an invitation to disaster. If these demands are ignored, we will escalate this matter to NGO / NGI and will not hesitate to launch a nationwide protest campaign.

COMPREHENSIVE MEMORANDUM

1.0 EXECUTIVE SUMMARY

This memorandum addresses a systemic crisis within Malaysia’s stratified housing sector, which poses a direct threat to national social stability, public safety, and economic security. The privatisation of former public housing and the financial unsustainability of low-cost strata schemes have created a ticking time bomb. With a significant portion of the nation's affordable housing stock now exceeding its design life, a failure to intervene will lead to urban decay, forced displacement of B40/M40 communities, and catastrophic structural failures. This document provides evidence of systemic failures and proposes robust, actionable legislative solutions based on principles of social justice, constitutional rights, and proven international models.

2.0 THE NATIONAL CONTEXT: A SYSTEMIC FAILURE

The crisis is not isolated to specific locations but is a national phenomenon rooted in policy and legislative gaps.

- **Scale of the Problem:** Malaysia has over 100,000 strata schemes. A substantial percentage are low or low-medium cost properties, housing millions of citizens. It is estimated that over 30% of these buildings are over 30 years old, facing critical maintenance and safety issues.
- **The Financial Unsustainability Trap:** The model of expecting low-income residents (retirees, minimum wage earners) to fund major capital-intensive repairs (e.g., lift replacement, rewiring, roof replacement) through sinking funds is flawed. National data indicates maintenance fee default rates in low-cost schemes frequently exceed 40%, leading to a cycle of decay where management corporations (MCs) become insolvent and basic services fail.
- **The Public Safety Time Bomb:** Ageing buildings without funds for proper maintenance are a direct threat to life. The government’s current hands-off approach amounts to a dereliction of duty, risking building collapses and other preventable disasters.

2.1 Case Study: 1Razak Mansion – A Redevelopment Turned Financial Crisis

The redevelopment of Razak Mansion serves as a stark warning. The promise of a better life has devolved into a financial nightmare, demonstrating the long-term consequences of redevelopment without social safeguards.

- **Unsustainable Cost Surge:** Maintenance fees escalated by **240%** (RM35 to RM120), an impossible burden for a community where over 60% are retirees or in low-income brackets.
- **Insolvency and Debt:** The Management Corporation (MC) now shoulders an electricity debt of **RM1.4 million**, rendering it functionally insolvent and unable to properly manage the property. This is a direct result of a model that ignores residents' capacity to pay.

2.2 Case Study: Kuchai Entrepreneurs Park (KEP LCF) – Coercion in the Absence of Law

The ongoing situation at KEP LCF exemplifies the predatory environment created by legislative ambiguity surrounding urban renewal.

- **Coercive Tactics:** Residents report harassment and alleged bribery (offers of RM100-RM200) to manufacture consent, tactics designed to exploit vulnerable residents.
- **Bypassing Legal Structures:** Developers are reportedly circumventing the legally elected Management Corporation, a direct violation of the spirit and letter of the Strata Management Act 2013. This highlights the urgent need for an empowered, independent body to police such activities.

3.0 LEGISLATIVE GAPS & PROPOSED SOLUTIONS

The current legal framework, including the Strata Management Tribunal (SMT), is wholly inadequate for addressing the complexities of urban redevelopment and the financial crisis in low-cost housing.

Demand	Action Required	Rationale & Expected Outcome
1. Immediate Moratorium	An executive order halting all redevelopment applications for low-cost and former public housing schemes.	Provides the necessary breathing room to legislate robust protections, preventing irreversible harm and dispossession while policy is being formulated.
2. 100% Owner Consent	**Amend the Urban Renewal Bill** to mandate unanimous consent for the redevelopment of low-cost and former public housing. This must be a non-negotiable safeguard.	**Protects Constitutional Rights:** Upholds the right to property under Article 13 of the Federal Constitution. **Prevents Forced Displacement:** Ensures that vulnerable communities are not forced out of their homes by a slim majority, often influenced by developers.

3. National Housing Maintenance Fund (NHMF)	**Establish a statutory fund** capitalised via a 1% levy on all new property developments valued above RM1 million and/or an allocation of Property Gains Tax (RPGT). Subsidies of 50-90% for critical repairs to be disbursed based on means-testing of the community.	**Ensures Habitability & Safety:** Prevents buildings from falling into disrepair, safeguarding residents and averting a public safety crisis. **Breaks the Cycle of Debt:** Acknowledges that low-income communities cannot independently fund major works, shifting part of the burden to a national cost-sharing mechanism.
4. Independent Housing & Redevelopment Tribunal	**Legislate a new quasi-judicial body**, modelled on Singapore's Appeals Board and Hong Kong's Lands Tribunal. Its powers must include: • Investigating coercion & bribery • Nullifying improperly conducted EGMs • Mediating disputes & assessing fair compensation • Acting as a low-cost, accessible alternative to the High Court.	**Ensures Access to Justice:** Provides a fair, affordable, and expert forum for minority owners to challenge unjust redevelopment proposals. **Deters Unethical Practices:** The tribunal’s investigative powers would act as a significant deterrent against developer misconduct and the use of proxies in JMBs/MCs.

4.0 CONCLUSION & ULTIMATUM

The Malaysian strata housing crisis is a foreseeable disaster born from inadequate policy and a disregard for the financial realities of B40 and M40 citizens. The government has a choice: implement these urgent, common-sense reforms or preside over the creation of a generation of vertical slums and face the consequences of widespread social unrest and potential structural tragedies.

We issue a final ultimatum: The government has to publicly announce a moratorium and commit to engaging with resident groups to legislate these core demands. Failure to act will be interpreted as a deliberate decision to side with predatory capital over the rights of citizens.

Our response will be swift and decisive, including:

- Filing formal complaints with the UN Special Rapporteur on adequate housing with help from our Malaysia NGO & NGI.
- Organising nationwide peaceful protests with Malaysia NGO & NGI.
- Initiating class-action legal challenges on constitutional grounds.

We urge all Members of Parliament to recognise this as a national emergency and act accordingly.

Contact:

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